

REMARKS

Claims 1-4, 6, 8-15, 17, 19-26, 28, and 30-33 are pending in the application. Claims 7, 18, and 29 have been canceled herein and claims 5, 16, and 27 have been previously canceled without prejudice or disclaimer. Claims 1-4, 6-15, 17-26, and 28-33 have been rejected. Claims 1, 6, 8-12, 17, 20-23, 28, and 30-33 have been amended herein. Applicants respectfully traverse these rejections based on the following discussion.

I. The Claim Rejections**A. The Position in the Office Action**

Claims 1-4, 6-15, 17-26, and 28-33 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Huberman (U.S. Patent No. 6,047,274) in view of Johnson et al. (U.S. Patent No. 6,047,274) hereinafter referred to as "Johnson".

B. The Huberman Reference

Huberman teaches a system and method to enable and facilitate networked, automated, brokered auctioning of document services. A plurality of processes are executed, including a customer process representing a customer, a supplier process representing a supplier, and a broker process capable of serving as an intermediary between the customer and supplier processes. The broker process is provided with a description of a document service. Responsively to the description thus provided, an auction for the document service is conducted, as follows: a customer or supplier process submits a bid for the document service; the broker process receives bidding information including the submitted bid; the broker process attempts to

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establish a price for the document service responsively to the received bidding information and, if a price can be established, establishes the price; if a price is established, the broker process proposes a transaction wherein the document service is to be provided at the established price; and if the proposed transaction is accepted, it can proceed automatically.

C. The Johnson Reference

Johnson teaches an auction service that stimulates competition between energy suppliers (i.e., electric power or natural gas). A bidding moderator (Moderator) receives bids from the competing suppliers of the rate each is willing to charge to particular end users for estimated quantities of electric power or gas supply (separate auctions). Each supplier receives competing bids from the Moderator and has the opportunity to adjust its own bids down or up, depending on whether it wants to encourage or discourage additional energy delivery commitments in a particular geographic area or to a particular customer group. Each supplier's bids can also be changed to reflect each supplier's capacity utilization. Appropriate billing arrangements are also disclosed.

D. Applicants' Response

As amended, the claimed invention is patentable over Huberman, whether taken alone, or in combination with Johnson. Specifically, the prior art of record does not disclose or make obvious a method or computer system for dynamically bidding through a software agent comprising, "a specified limit on a total value of each bid in each auction and a total value of all bids from all auctions; and a specified rule for determining at any time, whether said agent, without further recourse to said bidder, should place additional bids and, if so, in which auctions

to place said additional bids, wherein said specified rule comprises: selection of an auction for placing a bid in, whether initially or on being outbid, by said agent, is to be such that a current bidder surplus of said bid is maximized and non-negative, wherein said current bidder surplus of said bid comprises an excess of a monetary value attached by said bidder to an item to be bid upon over a monetary value of said bid by said agent, and selection of an auction for placing a bid in, whether initially or on being outbid, by said agent, is to be such that the current bidder profitability of said bid is maximized, and non-negative, wherein said current bidder profitability of said bid comprises a ratio of said current bidder surplus to said monetary value of said bid by said agent,” as generally recited in independent claims 1, 11, 12, 22, 23, and 33.

Additionally, the Office Action concludes that col. 17, lines 1-5 of Huberman teaches that an agent may make bids on behalf of a customer up to a preauthorized spending limit, and that this equates with the claimed invention’s recitation that the “current bidder surplus of said bid is maximized” and that the “current bidder profitability of said bid is maximized.” However, Applicants contend that this is an erroneous conclusion reached in the Office Action.

Huberman does not describe what constitutes a “preauthorized spending limit”, whereas the amended claimed invention specifically recites that the bidding-related information comprises, among other elements, “a specified limit on a total value of each bid in each auction and a total value of all bids from all auctions.” For example, according to the claimed invention, suppose a bidder wishes to buy up to two personal computers from amongst various online auctions currently in progress at various auction sites. The bidder identifies three auctions, A, B, and C all of which are scheduled to close at the same time. The bidder is willing to pay up to \$1000 in auction A, up to \$800 in auction B, and up to \$900 in auction C. Also, the bidder’s total budget for buying up to two personal computers is \$1600 total. Thus, this is a clear

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distinction between the claimed invention and Huberman, wherein the claimed invention differentiates between the spending limits in (1) each auction; and (2) the total amount. Conversely, Huberman merely states that the intelligent agent makes "bids on behalf of the customer up to a preauthorized spending limit." There is no suggestion in this language that there is a differentiation between how much the agent may spend in any particular auction, rather this language indicates that the bidder provides a total spending limit without indicating a limit in each auction.

Furthermore, the Office Action admits that "Huberman does not specifically disclose selection of an auction for placing a bid in, whether initially or on being outbid, by said agent, is to be such that the current bidder surplus of said bid is maximized and non-negative..." Nonetheless, the Examiner takes Official Notice that the system may be configured to provide a specified measure of surplus to the system for each transaction, including maximizing the surplus, up to an upper limit of the customer's specified needs and preauthorized spending limit., and would be obvious to one of ordinary skill in the art to modify the disclosure of Huberman to specifically disclose the claimed invention. Essentially, the Office Action is attempting to piece together various components of the claimed invention from no specified prior art references and combining them with Huberman in an attempt to teach the claimed invention.

The Office Action makes several assumptions regarding what is well-known in the art, and how obvious it would be to combine these so-called well-known features with Huberman in order to try and teach the claimed invention. However, there is no description of how these so-called well-known features would be combined and implemented with the teachings of Huberman in order to teach the claimed invention. MPEP §2144.03 provides that an "examiner may take official notice of facts outside of the record which are capable of instant and

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unquestionable demonstration as being 'well-known' in the art," quoting *In re Ahlert*, 424 F.2d 1088, 165 USPQ 418, 420 (CCPA 1970). However, Applicants challenge how well-known it is to (1) use auction mechanisms as used in the claimed invention; (2) impose bidding constraints as provided in the claimed invention; (3) differentiate between spending limits in multiple auction environments as in the claimed invention; and (4) how bidding surplus and bidding profitability is maximized as in the claimed invention. Therefore, Applicants respectfully make a demand for evidence which supports the proposition asserted in the Office Action as to the whether the above-identified elements are in fact well-known. MPEP §2144.03 goes onto indicate that "assertions of technical facts in areas of esoteric technology must always be supported by citation of some reference work" and "allegations concerning specific 'knowledge' of the prior art, which might be peculiar to a particular art should also be supported." The Applicants suggest that the claimed invention may constitute esoteric technology, and as such requires support by citation of some reference work by the Examiner. Moreover, MPEP §2144.03 further states that "[t]he facts so noticed serve to 'fill the gaps' which might exist in the evidentiary showing and should not comprise the principle evidence upon which a rejection is based." Applicants suggest that the Office Action has used the so-called well-known facts as the principle evidence to make its rejection and not merely to "fill the gaps".

Moreover, Huberman is similarly bereft of any language that indicates that the agent, without further recourse to the bidder, has the ability to act on behalf of the bidder during the course of the auctions as well as the decisions to be made upon completion of one or more of the auctions the agent had been participating in. This is a significant feature of the claimed invention, which Huberman lacks, and the fact that Huberman lacks this feature is admitted in the Office Action (see page 3). Nonetheless, the Office Action concludes that it would have been

obvious to combine the teachings of Johnson with Huberman to teach this feature.

However, upon closer scrutiny of Johnson it is clearly evident that the agent has no such authority or ability to act on behalf of the bidder for one simple reason: there is no agent in the method and system disclosed in Johnson, which is contrary to the claimed invention. In Johnson, the bidder acts alone and represents himself. Again, there is no agent to act on its behalf. Therefore, there is no agent in Johnson with the authority to perform the methods described in the claimed invention. Rather, in Johnson the bidder (energy suppliers) submits its bid(s) directly to the auction, which is conducted by a Moderator. Here, Moderator does not equate to Agent, because the agent in the claimed invention does not conduct the auctions. However, the Moderator in Johnson conducts the auctions, thus in essence, the Moderators in Johnson are the auctioning entity. Conversely, in the claimed invention the auctioning entity is one of many on-line auctions, and the agent is a separate entity from the auction(s). Thus, in Johnson when the energy supplier (bidder) is unsuccessful in its bid, the Moderator allows the bidder to decide whether it desires to re-bid. Again, there is no agent to act on the bidders behalf. Thus, Johnson teaches a wholly different aspect of auctioning (one in which there is direct bidding from a bidder). Therefore, it is legally impermissible to combine Johnson with Huberman because they teach away from one another; one uses direct bidding, the other does not. This is significant because it would not be logical to combine the method of Johnson with Huberman because they involve two separate auctioning processes. That is, one of ordinary skill in the art would not be motivated to combine two distinct and mutually exclusive processes which solve separate and unique problems.

Insofar as references may be combined to teach a particular invention, and the proposed combination of Huberman with Johnson, case law establishes that, before any prior-art references

may be validly combined for use in a prior-art 35 U.S.C. § 103(a) rejection, the individual references themselves or corresponding prior art must suggest that they be combined.

For example, in In re Sernaker, 217 U.S.P.Q. 1, 6 (C.A.F.C. 1983), the court stated:

"[P]rior art references in combination do not make an invention obvious unless something in the prior art references would suggest the advantage to be derived from combining their teachings." Furthermore, the court in Uniroyal, Inc. v. Rudkin-Wiley Corp., 5 U.S.P.Q.2d 1434 (C.A.F.C. 1988), stated, "[w]here prior-art references require selective combination by the court to render obvious a subsequent invention, there must be some reason for the combination other than the hindsight gleaned from the invention itself. . . . Something in the prior art must suggest the desirability and thus the obviousness of making the combination."

In the present application, the reason given to support the proposed combination is improper, and is not sufficient to selectively and gratuitously substitute parts of one reference for a part of another reference in order to try to meet, but failing nonetheless, the Applicant's novel claimed invention. Furthermore, the claimed invention, as amended, meets the above-cited tests for obviousness by including embodiments such as differentiating between the types of spending limits. As such, all of the claims of this application are, therefore, clearly in condition for allowance, and it is respectfully requested that the Examiner pass these claims to allowance and issue.

As declared by the Federal Circuit:

In proceedings before the U.S. Patent and Trademark Office, the Examiner bears the burden of establishing a prima facie case of obviousness based upon the prior art. The Examiner can satisfy this burden only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references. In re Fritch, 23 U.S.P.Q.2d 1780, 1783 (Fed. Cir. 1992) citing In re Fine, 5 U.S.P.Q.2d 1596, 1598 (Fed. Cir. 1988).

Here, the Examiner has not met the burden of establishing a prima facie case of obviousness. It is clear that, not only does Huberman fail to disclose all of the elements of the claims of the present invention, particularly, the differentiation of the spending limits in a multiple auction environment, as discussed above, but also, if combined with Johnson, fails to disclose these elements as well. The unique elements of the claimed invention are clearly an advance over the prior art.

The Federal Circuit also went on to state:

The mere fact that the prior art may be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the desirability of the modification. . . . Here the Examiner relied upon hindsight to arrive at the determination of obviousness. It is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the prior art so that the claimed invention is rendered obvious. This court has previously stated that one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention. Fritch at 1784-85, citing In re Gordon, 221 U.S.P.Q. 1125, 1127 (Fed. Cir. 1984).

Here, there is no suggestion that Huberman, alone or in combination with Johnson teaches a method and apparatus containing all of the limitations of the claimed invention. Consequently, there is absent the "suggestion" or "objective teaching" that would have to be made before there could be established the legally requisite "prima facie case of obviousness."

Furthermore, as previously mentioned even if Huberman were to be combined with Johnson, it would still fail to teach the novel aspects of the invention. In fact, the claimed invention is different from Huberman or Johnson, whether alone or in combination with one another, and moreover, the invention is unobvious in light of the restrictive teachings of the prior art references of record. In view of the foregoing, the Examiner is respectfully requested to

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reconsider and withdraw these rejections.

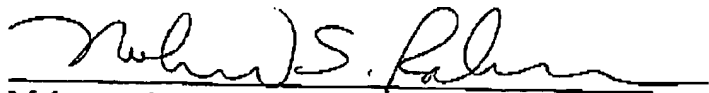
II. Formal Matters and Conclusion

Therefore, the Applicant respectfully submits that amended independent claims 1, 11, 12, 22, 23, and 33 are patentable over Huberman, even if combined with Johnson. Furthermore, dependent claims 2-4, 6, 8-10, 13-15, 17, 19-21, 24-26, 28, and 30-32 are similarly patentable, not only by virtue of their dependency from a patentable independent claim, but also by virtue of the additional features of the invention they define. In view of the foregoing, Applicants submit that claims 1-4, 6, 8-15, 17, 19-26, 28, and 30-33, all the claims presently pending in the application, are patentably distinct from the prior art of record and are in condition for allowance. Furthermore, no new matter is presented. The Examiner is respectfully requested to pass the above application to issue at the earliest possible time.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at the local telephone number listed below to discuss any other changes deemed necessary. Please charge any deficiencies and credit any overpayments to Attorney's Deposit Account Number 09-0441.

Respectfully submitted,

Dated: March 23, 2004



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